

2. HOUSING NEEDS ASSESSMENT

Assuring the availability of decent and affordable housing for residents of all social and economic groups is an important goal for Long Beach. To that end, this section of the Housing Element analyzes important population and housing characteristics to identify the City's specific housing needs. Important characteristics to consider include:

- Demographic issues of age, race/ethnicity, and employment;
- Household type, age, and income levels;
- Special housing needs present in Long Beach;
- Housing type, cost, condition and affordability; and
- Evaluation of the City's share of the region's housing needs

As a result of this analysis, this section will clarify the type and extent of housing needs of residents in Long Beach. Moreover, this evaluation will also serve as the basis for the City's goals, policies, and programs detailed in the Housing Plan (Chapter V) that will be implemented over the 2000-2005 planning period of the Housing Element.

A. Population Characteristics

Population characteristics affect the type and amount of housing need in a community. Issues such as population growth, age characteristics, race/ethnicity, and employment trends combine to influence the type of housing needed and ability to afford housing. This section details the various population characteristics affecting housing needs.

1. Population Trends

As of 2000, the City of Long Beach is the fifth largest city in the State of California. The past 50 years have seen extensive growth, with population increasing from approximately 251,000 persons in 1950 to slightly over

457,000 by the Year 2000. Over this period, Long Beach has experienced several cycles of growth – each bringing with it changes in population characteristics that affect housing need. Chart 1 summarizes population changes in Long Beach over the past fifty years.

The first population growth cycle – the World War II era – was characterized by significant growth. From the 1950s through 1960s, the expansion of U.S. Naval operations and the emergence of the aerospace and defense industries in Long Beach provided the stimuli for significant economic and population growth. As a result, the City's population increased significantly, from approximately 251,000 in 1950 to a height of 344,00 by 1960 – a total of 37% over the decade.

The 1960s and 1970s were characterized by more modest population growth. Population increased 2.5% each decade, rising from 344,000 in 1960 to 361,000 persons by 1980. This period of stability was related to the emergence of suburban communities around the City, the relocation of the navy, the decline in federal contracts for the aerospace industry, and the economic decline of the downtown. Without job growth, housing demand and population growth was minimal.

The 1980s signaled a return of rapid population growth. From 1980 to 1990, population increased 19% from 361,000 to 429,000. In particular, between 1984 and 1988, the City's population increased 2.5% annually – growing more than the previous 24-year period (1960-1984). This unprecedented growth was fueled by high rates of immigration into Long Beach and an increase in the fertility rates. Employment growth in the region also contributed to population growth.

The population growth boom of the 1980s eventually slowed. Significant federal cutbacks in defense spending, the relocation of the navy out of Long Beach, and closure of key facilities slowed the defense industry in Long Beach. Meanwhile, the real estate market depression in the 1990s coupled with economic restructuring also dampened housing demand. As a result, housing construction and population growth slowed considerably during the 1990s according to the State Department of Finance.

According to the Southern California Association of Governments (SCAG), the City can expect population growth to be 6% during 2000 to 2010 and increase another 9% during 2010 to 2020. This represents an annual growth rate of less than 1% per year over the next two decades. According to projections from SCAG's Regional Transportation Plan (1998), the City of Long Beach is expected to increase in population to approximately 486,000 by 2010 and exceed 500,000 by 2015.

Chart 1: Population Growth in Long Beach

| Year | Population | Change | % Change |
|-------|------------|--------|----------|
| 1950 | 250,767 | ----- | ----- |
| 1960 | 344,168 | 93,401 | 37% |
| 1970 | 358,633 | 14,465 | 4% |
| 1980 | 361,334 | 2,701 | <1% |
| 1990 | 429,433 | 68,099 | 19% |
| 2000* | 457,608 | 28,175 | 7% |

2. Age Characteristics

Housing demand is affected by the age characteristics of residents in a community. Different age groups are often distinguished by important differences in lifestyle, family type, housing preferences, and income levels. Because the community's housing needs change over time, this section analyzes changes in the age distribution of Long Beach residents and how these changes affect housing need. Charts 2 summarizes various trends in age characteristics of Long Beach residents.

In contrast to national averages, younger adults have actually increased. For instance, the young adult population between age 25-44 increased 71% from 1980 to 1998 – resulting in a corresponding increase in children. In terms of housing needs, younger adults leaving school live in rentals as their working careers begin and look for affordable “starter” homes or condominiums as their income increases. The continued increase in young adults will increase demand for rental housing.

Middle-aged adults between 45 and 64 have declined by 4% from 1980 to 1998. The middle adult years are associated with the moving-up stage. During this period, middle-aged adults have formed families and their

income potential is the greatest. As a result, middle-aged adults typically are in the market for their largest home. As this age group increases, there will be increasing pressure on the upper-income market, moderated to the extent that housing is available in nearby communities.

Although the senior population is increasing nationally and statewide, Long Beach appears to be an exception. For instance, analysis of 1980 and 1990 Census data show numeric declines in the 55-64, 65-74 and 75+ age group. According to Los Angeles County estimates, these trends continued through 1998. Thus over the decade, the 65+ age group declined by 25% from approximately 51,000 to 38,000. The 2000 Census is expected to confirm this trend in declining number of seniors.

Chart 2: Age Characteristics

| Age Groups | Population | | | Percent | | |
|------------|---------------|---------------|---------------|------------|------------|-----------|
| | 1980 | 1990 | 1998* | 1980 | 1990 | 1998* |
| <5 | 25,847 | 37,669 | 34,019 | 7% | 9% | 8% |
| 5-17 | 56,791 | 71,798 | 71,884 | 16% | 17% | 16% |
| 18-24 | 52,530 | 57,199 | 60,494 | 15% | 13% | 13% |
| 25-44 | 104,823 | 153,939 | 179,132 | 29% | 36% | 40% |
| 45-64 | 70,669 | 62,365 | 68,087 | 20% | 15% | 15% |
| 65+ | <u>50,674</u> | <u>46,463</u> | <u>38,065</u> | <u>14%</u> | <u>11%</u> | <u>8%</u> |
| Total | 361,334 | 429,433 | 451,681 | 100% | 100% | 100% |

3. Race and Ethnicity

Unique to the City of Long Beach is its history of race/ethnic change and diversity. Central to this dynamic pattern of diversity is military enlistment, the presence of the Port, immigration trends, mobility patterns in Southern California, and natural increase. These factors have contributed to Long Beach becoming a diverse community where no single race or ethnic group is an absolute majority.

The Navy's presence and World War II enlistment contributed to the establishment of what is now the largest Filipino community in the United States (est. 17,000). In the 1970s, Long Beach was the destination point for immigrants fleeing the turmoil in Southeast Asia and is now home to a community numbering approximately 22,600 Cambodians and Vietnamese. The 1980s saw a similar trend of high levels of immigration which originated primarily from Central America, Samoa, and Tonga.

Other demographic factors also contribute to race/ethnic change, such as fertility rates, the economy, and the presence of the military. As a result, Whites declined from 68% to an estimated 43% of the population from 1980-1998. Meanwhile, Hispanics doubled in population and now comprise 31% of residents. Asians increased faster, increasing to 13% of the resident population. African-Americans also recorded a sizable increase in population during this period.

Different neighborhoods are distinguished by high concentrations of race and ethnic groups. The Filipino community is more concentrated in West Long Beach; Cambodians are along Cherry and Anaheim. The African-American community is concentrated in West and North Long Beach. Hispanics are concentrated in west Long Beach and along the 710 Freeway. Whites are concentrated in eastern Long Beach.

Chart 3 describes trends in the race and ethnic composition of Long Beach residents from 1980-1998. Figure 2 illustrates where minority concentrations are located in Long Beach. Housing needs associated with race and ethnicity are discussed later in the Element.

Chart 3: Race and Ethnicity

| Race/Ethnicity | 1980 | | 1990 | | 1998* | |
|------------------|---------|------|---------|------|---------|------|
| | Persons | Pcnt | Persons | Pcnt | Persons | Pcnt |
| White | 244,594 | 68% | 212,755 | 50% | 192,464 | 43% |
| African-American | 40,034 | 11% | 56,805 | 13% | 55,361 | 12% |
| Hispanic | 50,700 | 14% | 101,419 | 24% | 140,200 | 31% |
| Asian | 20,758 | 6% | 55,234 | 13% | 59,335 | 13% |
| All Other | 5,248 | 1% | 3,220 | <1% | 4,321 | <1% |
| Total | 361,334 | 100% | 429,433 | 100% | 451,681 | 100% |

Source: U.S. Census 1980, 1990

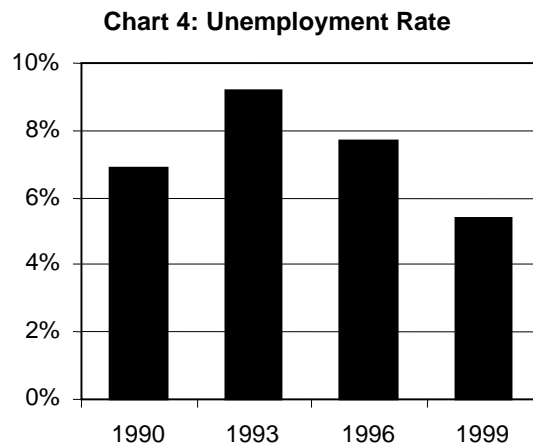
* Los Angeles County Urban Research Unit estimates (1998)

Insert Race/Ethnicity Chart

4. Employment Market

The Long Beach-Los Angeles metropolitan region, like other metropolitan areas across the southland, underwent significant economic changes during the 1990s. Base closures, defense industry layoffs, slowdown in the manufacturing and construction sectors, and rising levels of unemployment characterized the regional economy through the early 1990s. Recent years have seen improvement.

During 1990, Long Beach's unemployment rate was 6.9% according to the U.S. Census (Chart 4). Between the decennial Census, the Employment Development Department provides local estimates that are indexed to countywide trends. This data shows that the local unemployment rate increased to over 9% during the recession. However, as the



regional economy continued to recover, the City's unemployment rate declined to a low of 5.4% by 1999.

The type of jobs held by residents of Long Beach remained relatively stable from 1980 to 1990 (Chart 5). All occupation types increased significantly, but the changes did not greatly alter the relative distribution of any occupation to total employment. However, the faster growing occupations were managerial/professional (39% increase), followed by services (26%) and sales/technical/administrative (19%).

Changing employment patterns impact housing needs. From 1980 to 1990, the increase in managerial and professional positions suggests that income levels are increasing for a certain segment of the population, yet declining for those in service-oriented jobs. This trend in employment may suggest a polarization of income levels among residents.

Chart 5: Employment Profile

| Occupations of Residents | 1980 | | 1990 | | % Change 1980-90 |
|----------------------------------|---------|---------|---------|---------|---------------------|
| | Persons | Percent | Persons | Percent | |
| Managerial/Professional | 40,823 | 25% | 56,860 | 29% | 39% |
| Sales, Technical, Admin. | 53,625 | 33% | 63,671 | 32% | 19% |
| Service Occupations | 21,754 | 13% | 27,346 | 14% | 26% |
| Production/Crafts/ Repair | 20,482 | 13% | 21,284 | 11% | 4% |
| Operators, Fabricators, Labor | 24,546 | 15% | 26,049 | 13% | 6% |
| Farming, Forestry, Fishing | 1,587 | 1% | 1,908 | 1% | 20% |
| Total | 162,817 | 100% | 197,118 | 100% | 21% |

Source: U.S. Census 1980, 1990

Change in Employment Base

The Long Beach economy, like most communities across the Southland, has changed significantly with the restructuring of the defense industry and its rippling effect throughout the economy. Chart 6 details changes in the employment base of Long Beach during the 1990s. Employment levels are

HOUSING NEEDS

derived from annually adjusted surveys conducted by the State Employment Development Department.

During the early 1990s, nearly one third of the City's employment base was oriented around manufacturing, with McDonnell Douglas being the single largest employer. Service industries comprised the second largest group at 23% of all jobs. Services comprise business support, amusements, health care, personal services, and repair services. Wholesale and retail trade comprised the third largest group at 22%. All other sectors of the economy represented less than 10% of the total job base.

During the 1990s, the Southern California region was impacted by economic recession, resulting in economic restructuring which impacted Long Beach. Base closures and defense cutbacks contributed to a 31% decline in manufacturing jobs. Government-related employment (e.g., local, state, and federal jobs combined) increased by 32%. In addition, FIRE employment (finance, insurance, and real estate) jobs increased 14% due to the resurgence of the downtown economy.

According to the California Employment Development Department, the Los Angeles Metropolitan area should experience continued expansion in jobs through 2004. Nonfarm employment is projected to increase by roughly 11% from 1997-2004. The fastest gains are expected in construction (22%), services (16%), finance/ insurance/real estate (10%), government (11%), and wholesale/retail trades (9%). The City's Housing Plan will contain policies

Chart 6: Change in Employment Levels

| Major Industry | 1991 | | 1998 | | Change |
|---------------------------------|--------|---------|--------|---------|--------|
| | Jobs | Percent | Jobs | Percent | |
| Manufacturing | 59,964 | 31% | 41,626 | 23% | -31% |
| Business, Professional & Repair | 45,196 | 23% | 51,663 | 28% | 14% |
| Wholesale and Retail | 42,699 | 22% | 40,175 | 22% | -6% |
| Government Related | 14,486 | 8% | 19,065 | 10% | 32% |
| Transp, Comm/ Public Services | 13,107 | 7% | 13,329 | 7% | 2% |
| Finance, Insurance, Real | 7,814 | 4% | 8,942 | 5% | 14% |

that reflect this transition.

B. Household Characteristics

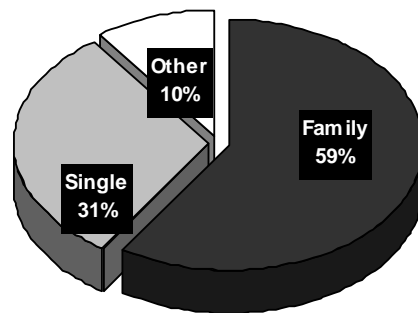
Household makeup, income levels, the presence of special needs populations, and other household characteristics determine the type of housing needed by residents. Sections B and C describe household characteristics affecting housing needs in Long Beach, while Section D discusses housing issues of overpayment and overcrowding.

1. Household Type

According to the Department of Finance, Long Beach had 160,546 households in January 2000. The composition of households can be inferred from the 1990 Census. As shown in Chart 7, the majority of households were families (59%). Single persons comprised the second largest group at 31% of households.

“Other” households (which include unrelated persons living together) comprised the remaining 10%.

Chart 7: Household Type



From 1980-1990, the distribution of family type changed slightly: families

Chart 8: Changes in Household Type

| Household Type | 1980 | | 1990 | | Percent Increase |
|-----------------------|---------|------|---------|------|------------------|
| | Nos. | Pcnt | Nos. | Pcnt | |
| Households | 151,611 | -- | 158,975 | -- | +5% |
| Families | 86,884 | 57% | 93,913 | 59% | +8% |
| Married With Children | 28,680 | 19% | 33,211 | 21% | +16% |
| Married No Children | 36,537 | 24% | 32,291 | 20% | -12% |
| Other Families | 21,667 | 14% | 28,411 | 18% | +31% |
| Non-Families | 64,727 | 43% | 65,062 | 41% | n.c. |

increased from 57% to 59% of all households, non-families declined slightly (Chart 8). However, there was a significant change in each category, in particular "other" families and households. Other families increased 31% while "other" non-families increased by 9%. The increase in the category of "other" family types impacts housing needs. A large proportion of "other" families consists of single-parent families with children, many of whom have limited incomes. According to the Census Bureau, "other" families and "other" non-families typically have lower incomes than other household categories. Thus, the increase in "other" categories may indicate corresponding housing problems.

Household Characteristics

The housing needs of families depend on their age, size, and race/ethnicity. Chart 9 shows categories used by the U.S. Department of Housing and Urban Development (HUD) to monitor housing needs. Elderly households contain 1 or 2 persons with one member at least 62 years old. Small families have two to four members; large households five or more members. Other households refer to all other households.

In terms of household age, approximately 28% of White households were elderly. All other race/ethnic groups had significantly less elderly households. The lower, elderly households rate could be due to several reasons, including their lower incomes, the practice of living with close relatives (extended families) where elderly live with their primary family, or various other reasons.

Another important household characteristic affecting housing need is household size. Whites and African Americans averaged from two to three persons per household. In contrast, Asian American and Hispanic households (many of them first generation immigrants) averaged slightly over four persons per household. As a result, both Asian American and Hispanic households had a much higher rate of large families.

Differences in household size, race/ethnicity, and householder age suggest that persons in different life stages and cultures may have much different housing needs. For instance, the higher proportion of White elderly households may suggest problems with low-income and housing overpayment. The higher proportion of Asian and Hispanic large families also suggests overcrowding or overpayment issues.

Chart 9: Household Characteristics

| | Race and Ethnicity | | | | |
|--|--------------------|-------|-------|-------|----------|
| | Total* | White | Black | Asian | Hispanic |

HOUSING NEEDS

| | | | | | |
|------------------------------|---------|---------|--------|--------|---------|
| <u>Household Size</u> | | | | | |
| Persons | 429,433 | 212,755 | 56,805 | 55,234 | 101,419 |
| Households | 158,975 | 100,292 | 19,732 | 13,081 | 24,783 |
| Average Size | 2.7 | 2.1 | 2.9 | 4.2 | 4.1 |
| <u>Household Type</u> | | | | | |
| Elderly | 20% | 28% | 7% | 5% | 5% |
| Small Family | 38% | 34% | 53% | 39% | 40% |
| Large Family | 13% | 5% | 14% | 38% | 37% |
| Other | 29% | 33% | 26% | 18% | 18% |

Source: U.S. Census (1990); 1993 Comprehensive Housing Affordability Strategy

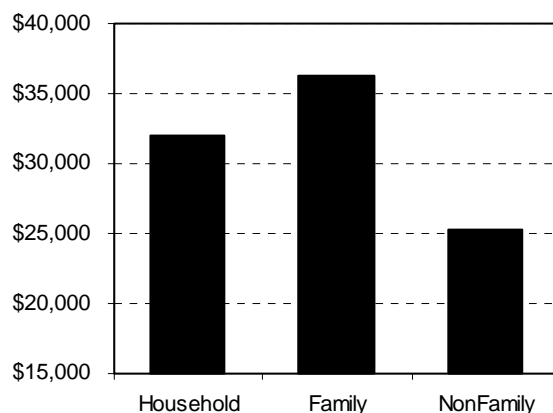
Notes: *Totals include all other race/ethnic groups not shown

2. Household Income

Household income is the most important factor affecting housing opportunity, determining a family's ability to balance housing costs with basic necessities of life. Income levels can vary considerably among households, based upon tenure, household type, location of residence, and race/ethnicity among others.

As of the 1990 Census, households in Long Beach earned a median household income of \$31,938. This was slightly below the household median of \$34,965 for Los Angeles County. In Long Beach, family households earned a median income of \$36,305, while non-family households earned a lower median income

Chart 10: Median Income in 1990



of \$25,239. This disparity in income by household or family type may be related to differences in the rate of housing problems discussed later.

The State of California analyzes differences in household income by tenure for four categories: very low, low-, moderate-, and upper-income. Income categories are determined as a percentage of the Median Family Income (MFI) for the entire Long-Beach-Los Angeles region, which is then adjusted for family size. These categories are also used for the Regional Housing Needs Assessment discussed later.

Chart 11 details the income distribution of renters and homeowners in Long Beach. Significant differences in income are related to whether a household owns or rents a home. For instance, renters have a lower income distribution than homeowners. Moreover, there is a significantly higher percentage of very low- and low-income renters and a high percentage of moderate- and upper-income homeowners.

Chart 11: Household Income Profile

| Income Group | Threshold as % M.F.I. | Total | Renters | Owners |
|--------------|-----------------------|-------|---------|--------|
| Very low | 00 - 50% | 29.4% | 39.5% | 14.9% |
| Low | 51 - 80% | 17.9% | 20.9% | 13.5% |
| Moderate | 81 - 120% | 20.3% | 19.9% | 20.9% |
| Upper | Above 120% | 32.4% | 19.7% | 50.7% |
| Total | | 100% | 100% | 100% |

Income by Household Type

Although aggregate information on income levels is useful for looking at trends over time or comparing income levels for different jurisdictions, income levels also significantly vary by household type, size, and race/ethnicity. Different households can have very different housing needs as well as housing choices available to them.

Race/ethnicity is a characteristic that often is related to housing need. This is because different race/ethnic groups may earn different incomes. As shown in Chart 12, Whites have the lowest proportion of lower-income households, in contrast with African American, Asian, and Hispanic populations. Because lower-income households have less income for housing, tradeoffs in expenditures may result in overpayment and/or overcrowding.

Chart 12: Percent of Race/Ethnic Groups Earning Low Income

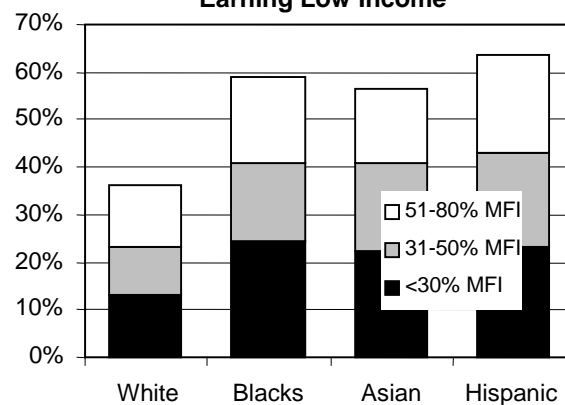


Figure 2 on the following page displays the concentration of low-income households. A lower-income area is defined as an area having more than half (50+%) of its households earning 80% or less of the County median income. Lower-income areas tend to be concentrated in the same geographic areas where there are concentrations of minorities, renter households, and special needs groups.

HOUSING NEEDS

A closer look at income levels shows that other factors determine housing need. As shown below in Chart 13, approximately 61% of senior households are lower-income with an estimated 28% of seniors having extremely low income. Moreover, an equally high proportion of large family households is lower-income. As a result, both types of households thus have limited income for other non-housing needs.

Include Income Map

Chart 13: Income by Household Type

| Household Type | Extremely Low (0-30%) | Very low (31-50%) | Other Low (51-80%) | Total Lower-income |
|-----------------------|-----------------------|-------------------|--------------------|--------------------|
| Seniors (62 and over) | 28% | 17% | 16% | 61% |
| Small Related (2-4) | 13% | 11% | 13% | 37% |
| Large Related (5+) | 21% | 20% | 20% | 61% |

3. Special Needs Groups

Certain groups have more difficulty in finding decent, affordable housing due to their special circumstances. Special circumstances may be related to one's income earning potential, family characteristics, the presence of physical or mental disabilities, or health issues. As a result, certain groups typically have higher rates of low-income and overpayment or live in overcrowded conditions.

State Housing Element law defines "special needs" groups to include the following: senior households, disabled persons, large households, single parent families with children, farm workers, and people who are homeless. Because Long Beach is home to several colleges, the City also has a large number of college students. Thus, this analysis will also address the special housing needs of students.

Chart 14: Special Needs Summary

| Special Need Groups | Number of Persons | Number of Households | Percent |
|--|-------------------|----------------------|---------|
| Seniors (65 years or older) ⁽¹⁾ | | 29,897 | 18.8% |
| Non-Institutionalized Disabled | | | |
| Mobility Limitation | 14,864 | n.a. | 4.7% |
| Self-Care Limitation | 18,583 | n.a. | 5.9% |
| Mobility or Self Care | 25,835 | n.a. | 8.2% |
| Large Households (5+ persons) | n.a | 21,299 | 13.4% |
| Single Parents with Children | | | |
| Mothers with Children | n.a. | 14,398 | 9.1% |
| Fathers with Children | n.a. | 3,980 | 2.5% |
| Subfamilies Doubled Up | n.a. | 3,960 | 2.5% |
| College Students ⁽²⁾ | 41,804 | n.a. | 9.7% |
| Persons w/HIV/AIDS ⁽³⁾ | 1,400 | n.a. | 0.3% |
| Homeless Persons ⁽⁴⁾ | 3,370 | n.a. | 0.8% |
| Farm-workers | 175 | n.a. | <.1% |

As this Housing Element is nearly a decade past the 1990 Census, estimating the magnitude of certain special needs groups is difficult. Estimates below rely on 1990 Census figures unless otherwise stated. Despite the uncertainty over the precise magnitude of special need groups, their basic housing needs remain the same. Chart 14 below summarizes the largest special needs groups in Long Beach.

Senior Citizens

For Housing Element purposes, senior households are defined as 65 years or older. Based on this definition, Long Beach was home to 46,463 seniors as of 1990 or 18% of all households. In recent years, the number of seniors declined to an estimated 38,000 by 1998 according to estimates prepared by Los Angeles County. This trend contrasts with state and national trends showing increases in the senior population. This trend notwithstanding, Long Beach senior citizens have the following needs:

- ✓ **Disabilities.** A significant portion of seniors have a self-care or mobility limitation, defined as a condition lasting over six months which makes it difficult to go outside the home alone or take care of one's personal needs.
- ✓ **Limited Income.** Because of their retired status and fixed income, about 45% of senior households earn very low- income- placing a significant limitation on their ability to purchase other necessities of life, in particular medical care.
- ✓ **Overpayment.** Because of the limited supply of affordable housing, about one-third of seniors overpay for housing. The prevalence of overpayment depends on tenure: 27% of homeowners and 48% of renters are overpaying.

Various programs can assist senior needs, including, but not limited to: congregate care, shared housing, rental subsidies, and housing rehabilitation assistance. For the frail elderly, or those with disabilities, housing with architectural design features that accommodate disabilities can help ensure continued independent living. Elderly with mobility/self care limitations also benefit from transportation alternatives. Senior housing with supportive services can also be provided to allow independent living.

The Long Beach Health and Human Services Department provides health screening and assessment. The Senior Center provides information on housing assistance programs. The Senior Advisory Commission advises any city departments or council committee concerned with senior issues. Moreover, Long Beach provides housing assistance through government-subsidized senior units and Section 8 vouchers as shown below in Chart 15.

Chart 15: Publicly-Subsidized Housing for the Elderly

| Type of Facility | Buildings | Units |
|-------------------------|-----------|-----------|
| HUD-Projects- Nonprofit | 13 | 1,282 |
| Other HUD Assisted | 2 | 288 |
| County Public Housing | 1 | 155 |
| City-Assisted Housing | <u>3</u> | <u>67</u> |
| Total | 19 | 1,792 |

Source: Long Beach 2000-2005 Consolidated Plan

Disabled Persons

Disabled persons have special housing needs because of their fixed income, lack of housing which is accessible and affordable, and higher health costs. Long Beach is home to people with personal disabilities that prevent them from working, restrict their mobility, or make it difficult to care for themselves. An additional segment of residents suffer from disabilities that require living in an institutional setting. Because of these conditions, disabled persons are considered to have special housing needs.

The City of Long Beach is home to a number of people who have disabilities that prevent them from working, restrict their mobility, or make it difficult to care for themselves. The 1990 Census provides numeric estimates of persons with disabilities who are not residing within an institutional or group home setting. According to the Census, Long Beach is home to approximately 26,000 persons with either a self-care or mobility limitation – representing approximately 8% of residents.

The living arrangement of disabled persons depends on the severity of the disability. Many persons live at home in an independent fashion or with other family members. To maintain independent living, disabled persons may need assistance. This can range from special housing design features for the disabled, income support for those not able to work, and in-home supportive services for persons with medical conditions among others. Services can be provided by public or private agencies.

HOUSING NEEDS

For persons unable to live in an independent setting, additional housing is available. The City allows State-authorized, certified, or licensed family care homes, foster homes, or group homes serving six or less disabled persons in all residential zones. Disabilities covered include mental, developmental, as

Chart 16: Licensed Community Care Facilities

| Facility Type | Number | Capacity (In Beds) | Specialized Care in Beds* | | |
|---------------------|--------|-----------------------|---------------------------|----------|-----------|
| | | | Mental | Develop. | Non Ambul |
| Small Family Home | 3 | 10 | -- | 2 | 6 |
| Group Home | 8 | 112 | -- | 6 | 12 |
| Adult Residential | 48 | 736 | 492 | 116 | 10 |
| Elderly Residential | 33 | 2,332 | -- | -- | 1,453 |
| Adult Day Care | 11 | 384 | 30 | 285 | -- |
| Total | 103 | 3,574 | 522 | 409 | 1,481 |

Source: State Department of Social Services, Community Care Licensing Division (1999)

1. Small family homes provide care to children in licensees' own homes.
2. Group homes provide specialized treatment for persons under 18.
3. Adult residential facilities provide care for adults between ages 18 and 59.

well as advanced age. Taken together, Long Beach has over 100 licensed community care facilities serving 3,500+ persons.

Large Households

The Federal Government defines large households as having five or more members. Large households are considered a special needs group in most communities because they have a higher prevalence of lower income households. Coupled with the lack of affordable and adequately sized housing in many communities, large households experience a greater prevalence of overcrowding and overpayment.

The 1990 Census reported that Long Beach had over 21,299 large households – which is 13% of all households. Because of the shortage of affordable housing, some of the major indicators of housing need are as follows:

- ✓ **Limited Income.** Approximately 61% of large families in Long Beach earned low incomes as of the 1990 Census. Of that total, 78% of renters and 26% of owners earned low income. Because the majority of large families earn low income, they have limited income available for housing and other necessities.
- ✓ **Housing Shortage.** According to the 1990 Census, Long Beach had 8,500 large homes with four or more bedrooms that could accommodate their 7,000 large owner households. However, only 4,400 large apartments with three or more bedrooms were available to accommodate 14,310 large renter families.
- ✓ **Housing Problems.** Because of a shortage of affordable ownership housing that is suitable for large families, 37% of homeowners overpaid for housing and 46% lived in overcrowded conditions in 1990. Among large renter households, 50% overpaid and 86% lived in overcrowded housing.

Minority households typically have a higher percentage of larger households: approximately 5% of White households, 14% of African American households, 38% of Asian households, and 37% of Hispanic households have five or more members. Much of this is due to family structure, the presence of extended

families, the age of household (e.g., presence of senior households) as well as income levels. Effectively addressing the housing needs for larger households is therefore complex.

As shown above, one of the greatest housing shortages is in larger rental units. Most communities have a great shortage of rental units with three or more bedrooms that can adequately accommodate larger households without overcrowding. To address the issue, communities can provide incentives for developers to build larger apartments with three or more bedrooms that can accommodate larger households or by providing incentives for affordable ownership housing suited for large families.

The Housing Plan contains policies to encourage the construction of larger units that could accommodate large families. The Long Beach Housing Development Company gives preference to such projects, such as the Renaissance Walk project. In addition, the City recently undertook a "8-10" demonstration project. This project converted a dilapidated ten-unit apartment complex into four larger condominiums which, coupled with homeownership assistance, provides large family housing.

Single Parents

Single parents often require special consideration and assistance as a result of their lower income, high costs of childcare, and greater need for affordable housing. According to the 1990 Census, Long Beach was home to 18,378 single parents with dependent children and 3,960 single parent families living with another family. Single parents with children typically have the following needs:

- ✓ **Limited Income.** Single parents with children, in particular female headed families, earn significantly lower incomes. According to the 1990 Census, the poverty rate among female-headed families was 41% for families with children under age 18 and 55% for those with children under age 5.
- ✓ **Childcare Costs.** Single working parents with children must pay a substantial portion of their income for child-care. According to the Census Bureau, single parents spend 12% of their income on preschool childcare; those earning less than \$15,000 spend up to 25% of their income.
- ✓ **Housing Shortage.** There is a significant shortage of adequately sized affordable housing for single parents with children. Although no statistics are available, it is reasonable to assume that single parents pay a larger share of their income for housing and therefore have higher overpayment rates.

Substance Abuse.

Alcohol/other drug abuse (AODA) is defined as excessive and impairing use of alcohol or other drugs. Estimates of the AODA population widely depending on the source of information, the diagnostic tool used, and the sample. According to the 1990 National Co-morbidity Survey, approximately 14.1% of the population will experience a diagnosis of alcohol dependence and 7.5% of the population will experience a diagnosis of drug dependence some time during their lifetime.

Alcohol and drug addiction creates financial problems for many abusers because job performance gradually deteriorates and because of the high cost of drug addiction. Loss of financial status creates a housing crisis for many persons with substance problems. Substance abuse is particularly difficult for families with younger children. According to the NIAAA, approximately one-third or more of clients in publicly-funded residential programs are homeless most of the year before entry into treatment.

The continuum of care for persons with AODA consist of four levels of assistance -- public inebriate centers, detoxification recovery facilities, recovery homes, and outpatient support networks. A public inebriate reception center is a 24-hour facility allowing people to undergo immediate help without being jailed. A detoxification recovery facility allows persons to stay up to 30 days. Persons who need extended assistance may stay in a recovery home for 90 days. Outpatient support networks, such as AA, provide support groups, counseling, and other programs.

College Students

College students in a community can affect housing demand and housing costs. In 2000 Long Beach had an estimated 41,800 adults who were students attending college. Some attended college outside Long Beach; others attended college in Long Beach. Although students represent a temporary housing need, the heightened demand for rentals around colleges can impact the housing market with higher rent levels. A large student population is also associated with higher mobility and turnover rates.

Long Beach is home to several public colleges with very large student populations. Long Beach City College is estimated to have approximately 25,000 full and part-time students attending campuses. In keeping with the intent of the community college system to serve local needs, approximately two-thirds of the students are part-time, many of whom are younger persons living with parents. Therefore, the housing need of City College students is not necessarily considered significant.

Long Beach is also home to the nationally renowned California State University. Current enrollment is estimated at approximately 30,000 full- and part-time students. CSULB is a commuter campus, with only 1,500 beds in on-campus residence halls. Most students live in the surrounding community and commute to the campus. Because students typically are lower-income and occupy rental units, they influence the overall demand for apartments in Long Beach and surrounding communities.

Persons Living with HIV/AIDS.

The size, diversity, and geographic location in a major population center have made Long Beach particularly vulnerable to HIV and AIDS. To obtain an estimate count, the City's AIDS Surveillance and Monitoring Program compiles data on reported AIDS cases and estimates the prevalence of HIV. According to the HIV/AIDS Monitoring Report (1998), approximately 5,000 people have tested positive for the HIV virus. As of December 1999, 1,467 persons with AIDS are living in the City.

HOUSING NEEDS

The City conducted a survey of 279 persons in Fall 1999 to assess service needs of persons living with HIV/AIDS. The race/ethnic distribution was primarily White males (54%), followed by African-American males (21%), Latino males (20%) and all others (5%). The median annual income was only \$6,000. Housing status was also severe: approximately 58% received a housing allowance, 49% had been homeless at some time, and 53% of the homeless said that it was due to their HIV/AIDS status.

Several organizations in Long Beach operate homes for persons living with AIDS. Residential care facilities for the chronically ill are state-licensed facilities that can provide specialized care to persons living with AIDS. Taken together, these facilities provide approximately 58 beds with 24 hour nursing care. In addition, the City implements tenant-based rental assistance through the HOPWA program, which provides over \$1.2 million in rental assistance for 262 persons living with HIV/AIDS.

Homeless Persons

The size, diversity, and geographic location in a major population center have made Long Beach home to homeless persons. According to the 1990 Census Bureau, the City's homeless population was approximately 638 persons on any given night. However, based on a formula provided by the Shelter Partnership, the City estimates that there are approximately 3,370 homeless persons in Long Beach as of 1999.

Homelessness affects all people, regardless of household, age, and race/ethnicity. A 1993 City survey found that African-Americans are over-represented among the City's homeless, comprising 46% of the population. Whites followed with 41%, while Hispanics followed with 10%. By family type, 74% were single adults, 21% were families, and 4% were adult couples. Unaccompanied youth comprised less than 1% of homeless persons surveyed, albeit they comprise a larger share.

Homeless persons are distinguished by a range of health needs. According to the UCLA Drug Abuse Research Center, about 33% of the homeless suffer from mental illness, 50% have a current substance problem, and approximately 70% will have a substance problem sometime during their lifetime. Homeless people also experience a range of medical conditions associated with the rigors of street life. Addressing the range of service needed by homeless persons requires a comprehensive strategy.

The Health and Human Services Department has established a Continuum of Care (CoC) program to assist homeless people to exit the streets, become stable, and achieve self-sufficiency to the maximum extent possible. The following are a description of the stages of this program.

- **Outreach/Assessment** – The City has established an outreach and assessment program to reconnect a homeless person to public benefits, rent assistance, employment, counseling, health care, and other support services. The City's Multi-Service Center is the entry point into the Continuum of Care. The Health Department, Los Angeles County MHA,

and Boys Town Long Beach provide outreach for different groups of the homeless population.

- **Emergency Shelter** -- Long Beach provides emergency shelter beds for homeless persons, including 141 emergency shelter beds for single persons, 97 beds for families, and one year-round program for single homeless males. Hotel and motel vouchers are provided for persons living with HIV/AIDS and tuberculosis. Long Beach is also home to a 150+ bed Cold Weather Shelter.
- **Transitional Housing** -- Transitional housing is the second phase of the program, where clients are provided a more structured environment. Clients are linked to a high level of rehabilitative services, such as substance abuse, mental health, employment, counseling and life-skills training to prepare them for transition to service-enriched housing or more independent settings. Nonprofit housing provides 74 beds.
- **Supportive Services** -- Long Beach offers an array of supportive services for the homeless to ease their transition into shelter. These include mental health and substance treatment, job and life-skills training, medical care, child care, and transportation services. The City has also developed a Standard of Care to standardize case management services for homeless people citywide.
- **Permanent Housing** -- This phase is designed to transition homeless persons into permanent housing with child care, drug treatment, job training, and other supportive skills needed to reintegrate into community life. A total of 65 units of supportive permanent housing are provided. The City also administers over 5,000 Section 8 certificates and vouchers and provides well over 3,000+ subsidized housing units.

As elaborated in the City's 2000-2005 Continuum of Care Plan, the City conducted an assessment of homeless needs in Long Beach. Chart 17 shows there is a current housing need of an estimated 2,551 beds for homeless individuals and families.

Chart 17: Homeless Gap Analysis

| Housing Type | Estimated Housing Need | Current Inventory (Beds) | Unmet Housing Need/Gap |
|---------------------------|------------------------|----------------------------|------------------------|
| Emergency | 842 | 238 | 604 |
| Transitional | 1,348 | 474 | 874 |
| Permanent | 1,180 | 107 | 1,073 |
| Total | 3,370 | 819 | 2,551 |
| Subpopulations | Estimated Need | Inventory of Service Slots | Unmet Need |
| Substance Abusers | 1,516 | 826 | 690 |
| Seriously Mentally Ill | 525 | 225 | 300 |
| Dually-Diagnosed | 506 | 341 | 165 |
| Veterans | 977 | 403 | 574 |
| Persons w HIV/AIDS | 1,012 | 233 | 779 |
| Domestic Violence Victims | 1,026 | 290 | 736 |
| Youth | 900 | 75 | 825 |

Source: 2000-2005 Continuum of Care

Inventory of beds and service lots includes year round sites, not temporary shelters or other sites; otherwise, the unmet need would decline in a corresponding pattern.

Several major initiatives will be undertaken in the 2000-2005 planning period. The U.S. Vets Initiative was granted 26 acres of Naval property to develop a planned community to address the homeless population. This project is called the Villages at Cabrillo. Upon completion, over 400 beds of transitional housing for men, women, and unaccompanied youth that are homeless are anticipated by 2005. New services planned include planning for a year-round shelter in the vicinity of Long Beach.

C. Housing Stock Characteristics

The characteristics and condition of Long Beach's housing stock, combined with household characteristics discussed earlier, affect the well-being of its residents. This section evaluates the following characteristics: housing stock changes and types, tenure and vacancy rates, age and condition, and housing costs. Combined with the information on population and household characteristics, Section D will discuss specific housing problems of overpayment, overcrowding, and other housing needs of residents.

1. Housing Stock Changes

Chart 18 below summarizes the types of housing construction activity in Long Beach. From the 1990 Census through 1999, construction activity has been modest, with a net addition of 2,524 new units in Long Beach. Over the same period, however, there has been 1,233 demolitions and 339 units lost to reconfiguration. Over the 1990s, approximately 2.5 units were built for each unit lost to the housing stock.

Chart 18: Building Permit Activity (1990-1998)

| Year | New Units | Units Lost to | | Total Change |
|-------|-----------|---------------|-----------------|--------------|
| | | Demolition | Reconfiguration | |
| 1990 | 911 | 184 | 3 | 724 |
| 1991 | 844 | 279 | 55 | 510 |
| 1992 | 741 | 82 | 12 | 647 |
| 1993 | 651 | 107 | 4 | 540 |
| 1994 | 233 | 124 | 19 | 90 |
| 1995 | 278 | 131 | 19 | 128 |
| 1996 | 140 | 89 | 24 | 27 |
| 1997 | 121 | 73 | 34 | 14 |
| 1998 | 85 | 111 | 84 | (110) |
| 1999 | 93 | 53 | 86 | (46) |
| Total | 4,097 | 1,233 | 339 | 2,524 |

Planning and Building Department (2000)

The demolition rate, although higher than many cities, is not unusual for Long Beach. As an older and highly urbanized community, Long Beach has older, substandard buildings that are periodically demolished and replaced with new housing. Of particular note is the recent upsurge in the reconfiguration of small multi-family units. Long Beach City officials indicate that recent federal tax laws provide favorable loans and refinancing for apartments with fewer than five units. This tax break law has encouraged the conversion of 5-unit complexes to 4 units through reconfiguration.

2. Housing Stock Characteristics

A certain level of diversity in the housing stock is an important factor in ensuring adequate housing opportunity for all Long Beach residents. A diverse housing stock helps ensure that all households, regardless of their income, age, and/or family size, have the opportunity to find housing that is best suited to their lifestyle needs. This section briefly details the housing stock characteristics in Long Beach.

According to the State Department of Finance, Long Beach has 172,089 housing units as of January 2000. Single-family detached homes comprise 45% of the housing stock. The majority is single-family detached homes, with the balance comprised of attached units, such as town homes and condominiums. Multi-family units comprise 53% of the housing stock, with the vast majority in complexes with 5 or more units. Mobile homes and other units comprise the remaining 2% of housing.

In Year 2000, Long Beach's housing stock had a limited number of large multi-family units, (e.g., 4,500 units with 3 or more bedrooms) that could accommodate large families. However, there over 14,000 large families who rent in Long Beach, the majority of which are also lower-income. This mismatch between supply and demand contributes to 86% of large renter households living in overcrowded housing.

Chart 19: Housing Type

| Unit Type | Total Units ⁽¹⁾ | | Number of Bedrooms ⁽²⁾ | | |
|--------------------------------|----------------------------|---------|-----------------------------------|-------|--------|
| | Number | Percent | 0-1 bed | 2-bed | 3 bed. |
| Total | 172,089 | 100% | | | |
| Single-family Detached | 69,287 | 40% | 10% | 35% | 55% |
| Single-family Attached | 8,261 | 5% | 30% | 45% | 25% |
| Multi-family (2 - 4 units) | 24,763 | 15% | 51% | 39% | 10% |
| Multi-family (5+units) | 65,359 | 38% | 64% | 33% | 3% |
| Mobile-homes, Trailers | 2,266 | 1% | 36% | 57% | 7% |
| All Other Units ⁽³⁾ | 2,153 | 1% | 74% | 15% | 11% |

Source:

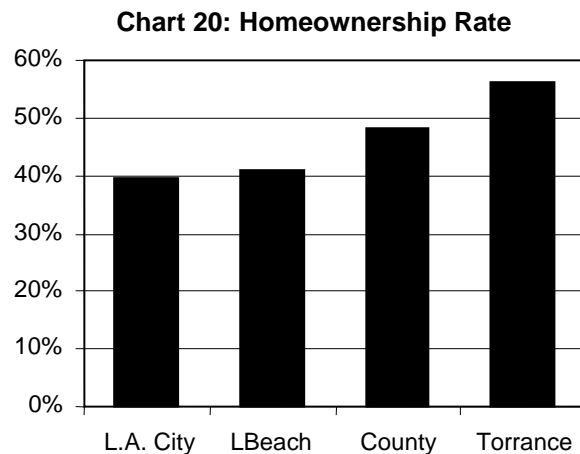
1. Department of Finance (DOF); 2000
2. U.S. Census; 1990; PUMS 1990
3. Other housing units include vans, campers, houseboats, etc.

When performing housing estimates for non-census years, DOF combines the "other" units with large multi-family units. This report separates out the "Other" housing units assuming that no special count on these units was performed since 1990.

3. Housing Tenure

The tenure of housing refers to whether a housing unit is owned, rented or vacant. Tenure is an important indicator of well-being in a given community because it reflects the cost of housing and the ability of residents to own or rent housing. Moreover, the tenure distribution affects several other aspects of the local housing market, including turnover rates and housing costs.

In 1990, 41% of Long Beach households were homeowners. As shown in Chart 20, the home-ownership rate of surrounding communities ranged from 39% in Los Angeles, to 48% Countywide, to as high as 56% in Torrance. The City's home-ownership rate is lower because single-family homes comprise 45% while



condominiums account for 7%. In contrast, the majority (53%) of the City's housing stock are multi-family units, which are typically rented.

A certain number of vacant housing units are needed in any community to moderate the cost of housing, allow for sufficient housing choices, and provide an incentive for landlords and owners to maintain their housing. SCAG considers the optimal vacancy rate to range from 1.5%-2% for single-family homes and 5%-6% for multi-family units. Maintaining reasonable vacancy levels is important for any community.

Vacancy rates differed based upon the type of housing. As shown in Chart 21, vacancies for owner occupied units ranged from 1.1% for homes of three or more bedroom to 2.7% for one-bedroom homes. Rental vacancies ranged from 7.8% for one-bedroom apartments or homes to only 5.2% for larger three bedroom units. Although this data is from the 1990 Census, it nonetheless appears consistent with opinions that Long Beach's housing market is closer to conditions in 1990.

Chart 21: Vacancy Rate Analysis

| Unit Size | Rental Vacancy | Owner Vacancy | Total Vacancy |
|--------------|----------------|---------------|---------------|
| 0-1 Bedrooms | 7.8% | 2.7% | 7.2% |
| 2 Bedrooms | 7.6% | 2.1% | 5.4% |
| 3+ Bedrooms | <u>5.2%</u> | <u>1.1%</u> | <u>1.9%</u> |
| Total | 7.5% | 1.6% | 5.2% |

4. Housing Age and Condition

Housing age is an important indicator of housing condition within a community. Like any other tangible asset, housing is subject to gradual deterioration over time. If not maintained, housing can deteriorate and depress property values, discourage reinvestment, and negatively affect the quality of life in a neighborhood. Therefore, maintaining the quality of the housing stock is an important goal for Long Beach.

Chart 22 summarizes the age distribution of Long Beach's housing stock in 2000. As of Year 2000, an estimated 75% of the City's housing is over 30 years old. This is generally the point where buildings begin to show signs of deterioration and require reinvestments. More importantly, an estimated 38% of the housing stock is older than 50 years.

Fifty years is typically the point where housing rehabilitation is needed to maintain the usefulness of the home. Homes built before 1950 also have other concerns, such as lead-based paint.

Neighborhoods in Long Beach vary with respect to the age of their housing stock. Approximately one-third of the City's census tracts have significantly older homes, where the median age is older than 50 years. These tracts are scattered throughout Long Beach, although they are concentrated along the coastline and along the I-710 Freeway. Chart 23 below summarizes the City's housing stock by the year built.

Chart 22: Housing Age

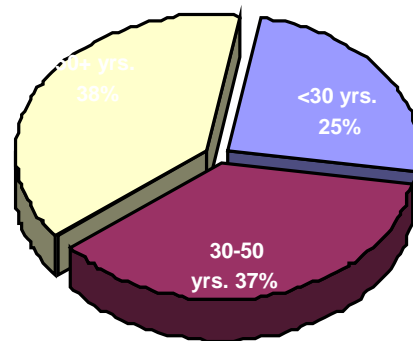
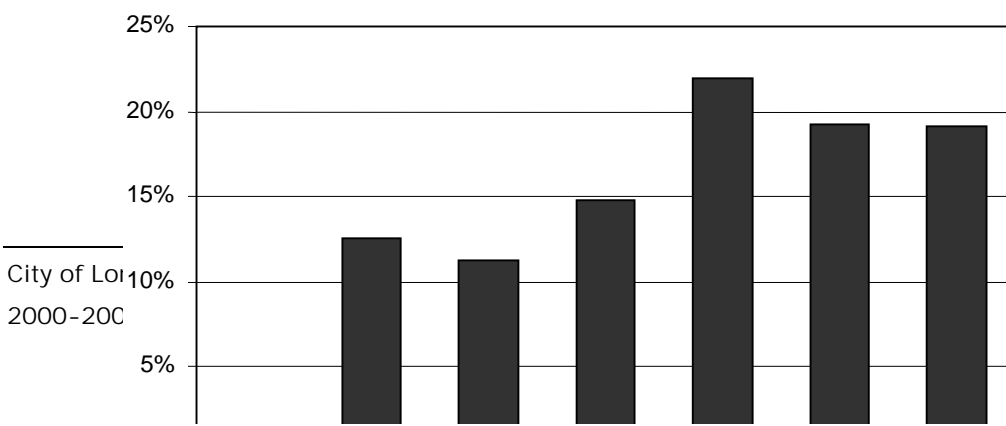


Chart 23: Year Housing Built

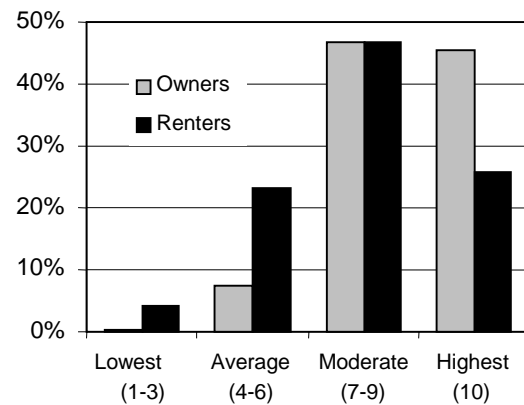


Structural Conditions

Although housing age can be used to infer housing conditions, a more accurate way of assessing interior structural conditions is through a detailed survey. In lieu of this study, the 1995 American Housing Survey (AHS) conducted by the U.S. Census Bureau provides a snapshot of the age and condition of housing in the Long Beach-Los Angeles metropolitan area, as well as in the City of Long Beach.

The AHS asked households to rank the condition of their building using a ten- point scale. Vacant units were not included. This was a subjective survey with no definitions as to what conditions merited a particular rank. Chart 24 groups these rankings into levels and presents results by tenure. The majority of residents rated their buildings favorably, although renters expressed lower satisfaction levels. Overall, less than 5% of households rated their buildings as the lowest.

Chart 24: Housing Conditions



A small percentage of residents reported substandard conditions, such as structural hazards, excessive nuisances, electrical, plumbing, mechanical problems, fire hazard, inadequate sanitation, or other conditions which endangers the life, health, property, safety or welfare of the occupants. Long Beach officials note that 750 inspections for substandard conditions are performed annually. According to the AHS, an estimated 3,100 occupied homes have severe physical problems.

The prevalence of homes in Long Beach built before 1950 is of particular concern because of lead-based paint (LBP). According to the 2000-2005 Consolidated Plan, Long Beach has approximately 66,000 units that may likely contain LBP hazards, deemed a serious health concern by the Agency of Toxic Substances and Disease Registry. Since 1991, the City has reported

577 children with over-exposure to lead. Beginning in 1995, the City's Health Department has received \$8 million in federal grants to implement a long-term strategy for reducing LBP hazards.

As an older, highly urbanized and densely populated community, Long Beach is also confronted with a wide range of community development issues, particularly in older neighborhoods where the infrastructure and housing stock is in poor condition. To address these areas, ten neighborhoods have been designated "Neighborhood Improvement Strategy Areas" (NIS) based upon public safety issues, social indicators, and property conditions. Figure displays the ten areas. The majority of these areas are in tracts north of the downtown and in North Long Beach.

INCLUDE NIS MAP

5. Housing Costs

The cost of housing is directly related to the extent of housing problems in a community. If housing costs are relatively high in comparison to household income, there will be a correspondingly higher prevalence of overpayment and overcrowding. This section summarizes costs for housing in Long Beach and evaluates the affordability of the City's housing stock to low- and moderate-income households.

Ownership Housing

To obtain information on home sales, DataQuick supplied data on 5,000 single-family homes and condominiums sold in Long Beach during 1999. Sales data was subdivided into eight housing submarkets to show how housing prices vary throughout Long Beach. As shown in Figure 4, these housing market areas are as follows: Anaheim Corridor, Belmont Shore, Bixby Knolls, Downtown, and Central, East, North and West Long Beach. Chart 25 summarizes housing prices by type and size of unit for each market area.

The median price for single-family homes ranges from \$93,000 for a one-bedroom unit to up to \$370,000 for a larger five-bedroom home. Belmont Shore is the most expensive subarea, with a median sales price of \$379,000. In contrast, medium-priced homes can be found in Bixby Knolls and East Long Beach for around \$225,000. Homes in the Anaheim Corridor, Central Long Beach and Downtown range from \$125,000 to \$158,000. Homes in North and West Long Beach sell for a median of \$132,000.

HOUSING NEEDS

The median price for condominiums ranged from \$79,000 for a one-bedroom unit to a medium price of \$215,000 for a three-bedroom unit. Again, Belmont Shore and East Long Beach are the most expensive areas, ranging from a median of \$128,000 to \$145,000. Medium-priced condominiums can be found in Bixby Knolls, Downtown, and Central Long Beach from \$100,000 to \$120,000. Condominiums in the Anaheim Corridor, North/West Long Beach range from \$70,000 to \$80,000.

Chart 25: Sales Price of Homes

| Home | Bdrms. | Units | Range | Median |
|---------------|--------|-------|-------------------------|-----------|
| Single-family | 1 | 96 | \$40,000 - \$479,000 | \$93,000 |
| | 2 | 1,418 | \$26,500-\$1,050,000 | \$155,000 |
| | 3 | 1,597 | \$25,000 - \$1,762,500 | \$206,500 |
| | 4 | 413 | \$20,000 - \$2,175,000 | \$260,000 |
| | 5 | 63 | \$100,000 - \$2,130,000 | \$370,000 |
| Condo-miniums | 1 | 495 | \$12,000-\$345,000 | \$79,000 |
| | 2 | 780 | \$15,000 - \$815,000 | \$117,000 |
| | 3 | 113 | \$16,000 to \$655,000 | \$215,000 |

INSERT MEDIAN SALES PRICE MAP

Rental Housing

The Long Beach Housing Authority maintains a database of rents charged for a cross section of multi-family and single-family homes. The City's survey places a greater emphasis upon smaller complexes that are more typical of the apartment and condominium housing in Long Beach. However, to supplement this data and provide a benchmark for rents in large complexes, Real Facts periodically surveys Class "A" apartment complexes that have at least 100 units per complex (Chart 26).

According to these databases, rents charged for single-family and multi-family housing units range significantly depending on the size of the unit and the complex. For instance, rents range from \$444 for a studio, \$590 for a one-bedroom unit, \$762 for a 2-bedroom unit, to \$979 for a 3-bedroom unit. Rent levels charged for larger "Class A" apartments run 20% to 50% higher than smaller complexes.

Belmont Shore, Bixby Knolls and East Long Beach are the most expensive rental markets, averaging in the high \$700s. Rentals in North and West Long Beach and along the Anaheim Corridor are in the low \$600s. The lowest rents are found in Downtown and Central Long Beach, where rents average in the mid \$500s. Generally, single-family homes command 10% to 50% higher rents than apartments.

Chart 26: Rental Housing Rates

| Subareas | Single-family ⁽¹⁾ | | Multi-family ⁽¹⁾ | | |
|-----------------|------------------------------|---------------|-----------------------------|----------------------|---------------------|
| | Units Surveyed | Average Rents | Units Surveyed | Average Rent Charged | Rents for Class "A" |
| Citywide | 253 | \$1,082 | 588 | \$662 | n.a. |
| 0 bedroom | 2 | \$473 | 203 | \$444 | \$650 |
| 1-bedroom | 40 | \$649 | 207 | \$590 | \$841 |
| 2-bedroom | 139 | \$1,021 | 235 | \$762 | \$1,048 |
| 3-bedroom | 72 | \$1,455 | 43 | \$979 | \$1,167 |
| Subareas | | | | | |
| Anaheim Cor. | 59 | \$958 | 168 | \$614 | n.a. |
| Belmont Shore | 77 | \$1,337 | 144 | \$776 | n.a. |
| Bixby Knolls | 14 | \$1,026 | 35 | \$792 | n.a. |
| Downtown | 48 | \$873 | 138 | \$578 | n.a. |
| East L.B. | 16 | \$1,135 | 27 | \$782 | n.a. |
| North L.B. | 25 | \$934 | 41 | \$622 | n.a. |

6. Housing Affordability

Housing affordability can be inferred by comparing the cost of renting or owning a home in Long Beach with the maximum amount that households of different income levels can pay for housing. Taken together, this information can provide a picture of who can afford what size and type of housing as well as indicate the type of households that would likely experience overcrowding or overpayment.

The Department of Housing and Urban Development (HUD) conducts annual household income surveys for the Long Beach – Los Angeles metropolitan area. These income surveys are adjusted for differences in the type and size of a family. HUD uses these income statistics to determine the maximum affordable amount that a household can pay for housing based on fair market rents and sales prices.

Chart 27 shows the annual income for very low, low-, and moderate-income households by size of family and the maximum affordable housing payment based on the federal standard of 30% of household income. Standard housing costs for utilities, taxes, and property insurance are also shown.

Chart 27: Housing Affordability Matrix (1999)

| Income Threshold by Family Type | Income Levels | | Housing Costs | | Maximum Price | Affordable |
|---------------------------------|---------------|----------------|---------------|-------------------|---------------|------------|
| | Annual Income | Monthly Income | Utilities | Taxes & Insurance | Home | Rental |
| Very Low | | | | | | |
| One Person | \$17,950 | \$1,495 | \$50 | \$200 | \$30,100 | \$399 |
| Small Family | \$23,100 | \$1,925 | \$100 | \$200 | \$42,000 | \$478 |
| Large Family | \$27,700 | \$2,308 | \$150 | \$200 | \$52,000 | \$543 |
| Low | | | | | | |
| One Person | \$28,750 | \$2,396 | \$50 | \$200 | \$71,000 | \$669 |
| Small Family | \$36,950 | \$3,079 | \$100 | \$200 | \$94,000 | \$824 |
| Large Family | \$44,300 | \$3,910 | \$150 | \$200 | \$115,000 | \$958 |
| Moderate | | | | | | |
| One Person | \$43,100 | \$3,592 | \$50 | \$200 | \$107,000 | \$1,000 |

HOUSING NEEDS

From these income and housing cost figures, the maximum affordable home price and rent is determined.

The previous chart determined the maximum amount that a household in Long Beach could pay for housing each month (e.g., rent, mortgage and utilities) without exceeding the 30% overpayment threshold. This amount can be compared to current market prices for single-family homes, condominiums, and apartments in Long Beach to determine the type of housing that a household can afford.

Very Low-Income Households. Very low-income households earn up to 50% of the County median family income, from \$17,950 to \$27,700 depending on family size. Based upon financing criteria in Chart 27, the maximum affordable sale price for a home ranges from \$30,000 to \$52,000 for a very low-income household. Because the median sale price is \$190,000 for a single-family home and \$103,500 for a condominium, very low-income households cannot afford to purchase a home.

Average apartment rents in Long Beach are as follows: \$444 for a studio unit; \$590 for a 1-bedroom unit; \$762 for a 2-bedroom unit; and \$979 for a 3-bedroom unit. Rents are higher depending on the location of the unit and amenities provided. After utility payments, a very low-income household can afford \$399 to \$543 in rent. This means that an individual can not afford a studio without overpayment. A small family would either overcrowd and/or overpay to afford a studio or one bedroom unit. In the case of large families, they would face severe overcrowding and overpayment.

Low-Income Households. Lower-income households earn below 80% of the County median family income -- or \$28,750 to \$44,300 depending on family size. The maximum affordable home price for a low-income household ranges from \$71,000 for one-person to \$115,000 for a five-person family. Based on the home sales data presented earlier, low-income households cannot afford a home. However, since condominiums sell for a median of \$117,000, low-income households could purchase one if homeownership assistance was provided.

However, because the majority of low-income households can not afford to purchase a single-family home or a moderately-priced condominium in Long Beach, they will probably seek more affordable rentals units. After

deductions are taken for utilities, a low-income household can afford to pay from \$669 to \$958 per month. Rents would be \$444 for a studio, \$590 for a one-bedroom unit, and \$762 for a two-bedroom unit. In practical terms, small households (3 or less persons) could afford a rental. However, larger households would probably face overcrowding or overpayment.

Moderate-Income Households. Moderate-income households earn between 80% to 120% of the County MFI -- or \$43,100 to \$66,450 depending upon family size. The maximum affordable home price for a moderate-income household ranges from \$125,000 for one-person to \$199,000 for a five-person family. Based on the sales data presented earlier, moderate-income households can barely afford to purchase a median priced single-family home or condominium. However, future hikes in the interest rate could preclude them from purchasing a home in Long Beach.

D. Regional Housing Needs

State law requires regional councils of governments, including the Southern California Association of Governments (SCAG) to determine the existing and projected housing need for its entire region (Government Code Section 65580 et. seq.) and the proportion of need allocated to each city and county within its region. This is called the Regional Housing Needs Assessment (RHNA).

1. Existing Housing Needs

A continuing priority of communities is enhancing or maintaining quality of life. A key measure of the quality of life in a community is the extent of "housing problems." The U.S. Department of Housing and Urban Development and SCAG have developed an existing needs statement that details the number of households which are paying too much for housing or are living in overcrowded units. These are defined below:

- **Low-income:** refers to a household which earns less than 80% of the regional median income, adjusted for household size. For a four-person family, a household's income must fall below approximately \$41,000 annually.
- **Overcrowding:** refers to a housing unit which is occupied by more than one person per room, excluding kitchens, bathrooms, hallways, and porches, as defined by the federal government.
- **Overpayment:** refers to a household paying more than 30% of its gross income for rent (either mortgage or rent), including costs for utilities, property insurance, and real estate taxes as defined by the Federal Government.
- **Substandard Housing:** refers to a housing unit that has an incomplete kitchen, bathroom, or plumbing facilities. In Long Beach, a more specific definition has been adopted for internal operating purposes.

Chart 28 summarizes the most important indicators of existing housing needs. The issues of income and substandard housing have been

addressed earlier. The following discussion specifically addresses overcrowding and overpayment.

Chart 28: Housing Problems Summary

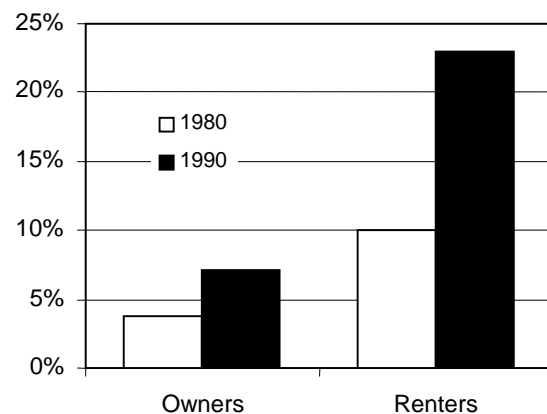
| Family Type | Lower-income | Over-crowding | Over-payment |
|----------------|--------------|---------------|--------------|
| Total | 45% | 16% | 39% |
| Seniors | 61% | <1% | 33% |
| Small Families | 37% | 15% | 39% |
| Large Families | 61% | 73% | 46% |
| Others | 38% | 2% | 41% |

Overcrowding

Overcrowding occurs when housing costs are so high relative to income that families double-up to devote income to other basic needs of food and medical care. Overcrowding also tends to result in more cars and traffic, deterioration of homes, and a shortage of on-site parking. Therefore, maintaining a reasonable level of occupancy and alleviating overcrowding is an important contributor to quality of life.

Overcrowding in Long Beach has doubled over the 1980s, increasing from 7.4% in 1980 to 16.5% in 1990. As shown in Chart 29, the increase in overcrowding was more significant for renters, increasing from 10% to 23%, while much less (7.5%) for homeowners. In contrast with the region, the overcrowding rate in Los Angeles County was 10% for owners and 27% of renters. Increasing overcrowding over the decade reflected slower growth in personal income coupled with significantly greater increases in sales and rents for housing.

Chart 29: Overcrowding Rate



Although Long Beach appears to have the same overcrowding rate as Los Angeles County, portions of Long Beach experience extreme rates of overcrowding. In some neighborhoods, over 50% of the households live in overcrowded conditions. Overcrowding tends to be concentrated in neighborhoods where there are predominantly minorities, lower-income households, renter and large households. With respect to lower-income households, 25% of households live in overcrowded conditions. Regardless of income level or tenure, overcrowding is concentrated in large families,

Chart 30: Household Overcrowding Profile

| Family Type | All Hhlds | Owner Hhlds | Renter Hhlds | Lower-income |
|----------------|-----------|-------------|--------------|--------------|
| Total | 16% | 7% | 23% | 25% |
| Seniors | <1% | <1% | 2% | 1% |
| Small Families | 15% | 4% | 24% | 29% |
| Large Families | 73% | 46% | 86% | 86% |
| Others | 3% | <1% | 3% | 3% |

where 86% of renters and 46% of homeowners live in overcrowded conditions.

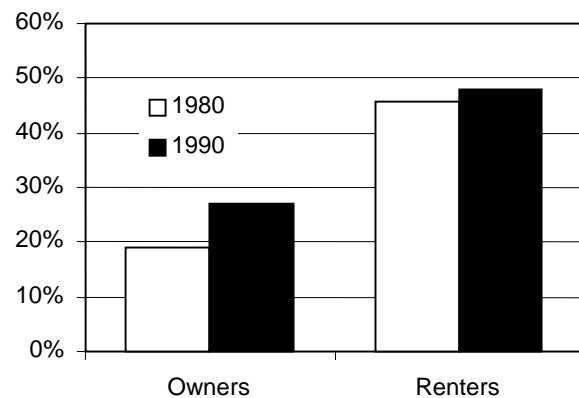
Overcrowding Map

Overpayment

Not unlike many urban communities, overpayment for housing is not uncommon. Housing overpayment occurs when housing costs increase faster than income. However, to the extent that overpayment is typically disproportionately concentrated among the most vulnerable members of Long Beach's community, maintaining a reasonable level of housing cost burden is an important contributor to quality of life.

Between 1980-1990, the proportion of owners overpaying for housing rose from 19% to 27%, while renters overpaying rose from 46% to 48%. This trend reflects considerably slower growth in income coupled with faster increases in housing costs. However, Long Beach is not different than the County in that both have overall overpayment

Chart 31: Overpayment Rate



rates of 36%. Countywide, 31% of owners and 49% of renters overpay for housing.

Renter overpayment in Long Beach is concentrated within neighborhoods which are predominately occupied by minorities, lower-income households, and/or renters. Overpayment is also particularly prevalent among recent immigrants who typically earn less income working in service-oriented occupations, such as clothing, labor positions, gardening, food services, and other modest-paying occupations.

Housing overpayment also varies significantly by income, household type and size. Lower-income households have the highest overpayment rate at 65%. Renter overpayment is highest at 48%, while the owner overpayment rate is only 27%. This high rate of overpayment means that many households will also experience overcrowding. Chart 32 summarizes the prevalence of overpayment in Long Beach.

Chart 32: Housing Overpayment Profile

| Family Type | All Households | Owners | Renters | Lower-income |
|--------------------|-----------------------|---------------|----------------|---------------------|
| Total | 39% | 27% | 48% | 65% |
| Seniors | 33% | 17% | 64% | 49% |
| Small Families | 39% | 29% | 48% | 71% |
| Large Families | 46% | 37% | 50% | 64% |
| Others | 41% | 36% | 42% | 75% |

Overpayment Map

2. Future Housing Need

Future housing need refers to the proportion of the region's future housing need that has been allocated to a community. In brief, SCAG calculates future housing need based upon household growth forecasts provided by communities, plus a certain number of units needed to account for normal and appropriate level of vacancies and the replacement of units that are normally lost to conversion or demolition.

In allocating the region's future housing needs to different jurisdictions, SCAG is required to consider various planning considerations in State law (Section 65584). The planning considerations are as follows: (1) market demand for housing; (2) type and tenure of housing; (3) employment opportunities; (4) commuting patterns; (5) suitable sites and public facilities; (6) loss of assisted multi-family housing; (7) special housing needs; and (8) reduction of impactation of lower-income households.

In 1999, SCAG developed its Regional Housing Need Assessment (RHNA) based on forecasts contained in SCAG's regional transportation plan. This included population, employment and household forecasts from 1998 through the Year 2005. These growth forecasts are the basis for determining housing demand for each subregion. A portion of growth is allocated to each community within the Gateway subregion.

Once household growth is determined, SCAG makes an adjustment to allow for a sufficient number of units needed for normal vacancies and replacements for demolitions and conversions. The vacancy and demolition calculations are based upon average rates developed for the Gateway Cities Council of Governments. SCAG then applies a "fair proportion" formula to determine the units to be affordable to State mandated income levels -- very low, low, moderate, and upper-income.

Initially, SCAG assigned Long Beach a minimum construction need of 517 new units for the planning period of 1998 through 2005. However, because the market had not improved as markedly in the Gateway subregion, with the exception of Long Beach, the City voluntarily assumed an additional 946 housing units from these 27 cities for a total RHNA of 1,464 units. Chart 33 below displays the City's revised 1998-2005 RHNA.

E. Assisted Housing At Risk of Conversion

State Housing Element law requires the analysis of government-subsidized housing that may change from low-income housing to market-rate housing during the next ten years. This section therefore evaluates the City's affordable housing that is at-risk of converting to market rates and the cost to preserve or replace the at-risk units. Resources and programs for preservation or replacement are evaluated in Chapter 4 and Chapter 5.

1. Assisted Housing Inventory

Long Beach has a sizable stock of publicly assisted multi-family rental

Chart 33: Long Beach RHNA Allocation

| Income Group | Percent of County MFI | Initial RHNA | Accepted Gateway-COG | Total Allocation | Income Distribution |
|--------------|-----------------------|--------------|----------------------|------------------|---------------------|
| Very low | 00 -50% | 145 | 266 | 411 | 28% |
| Low | 51-80% | 89 | 162 | 251 | 17% |
| Moderate | 81-120% | 105 | 191 | 296 | 20% |
| Upper | 120%+ | 179 | 327 | 506 | 35% |

HOUSING NEEDS

housing. This inventory includes all multi-family rental units assisted under federal, state, or local programs, including HUD, state/local bond programs, density bonus, and local redevelopment or direct assistance programs. A total of 4245 publicly assisted multi-family units are located in Long Beach, including County owned public housing.

The following chart summarizes the number of multifamily projects in Long Beach which are rent restricted as affordable to lower-income households. A detailed assessment of each project, including its affordability status is shown in Chart 34.

Chart 34: Inventory of Assisted Housing Developments

| Project Name and Address | Tenant Type | Affordable & Total Units | Funding Source(s) | Expiration of Affordability |
|---------------------------------------|-------------|--------------------------|------------------------------------|----------------------------------|
| At-Risk | | | | |
| Springdale West 2095 W. Spring St | F | 186 of 232 | Section 8 Section 236(j)(1) | 4/30/1999 Prepayment Eligible |
| Del Amo Gardens 225 Del Amo | S | 230 of 230 | Section 8 Section 221(d)(3) | 8/31/1999 Not Applicable |
| New Hope Home 1150 New York | S/D | 140 of 140 | Section 8 Section 202/811 | 10/31/1998 Nonprofit Owned |
| Plymouth West 240 Chestnut | S | 137 of 196 | Section 8 Section 236(j)(1)/202 | 10/31/1998 Nonprofit Owned |
| Baptist Gardens 1011 Pine Avenue | S | 157 of 200 | Section 8 Section 236(j)(1) | 6/30/1999 Nonprofit Owned |
| Pacific Coast Villa 690 PCH | F | 50 of 50 | Section 8 Section 221(d)(4) | 4/25/1999 Not Applicable |
| Parwood Apts. #1 5441 Paramount | S/F | 80 of 248 | Section 8 Section 221(d)(3) | 8/31/2004 1/1/2032 |

Chart 34: Inventory of Assisted Housing Developments

| Project Name and Address | Tenant Type | Affordable & Total Units | Funding Source(s) | Expiration of Affordability |
|--|-------------|--------------------------|------------------------------------|----------------------------------|
| Parwood Apts #2 5441 Paramount | S/F | 87 of 280 | Section 8 Section 221(d)(3) | 8/31/2004 1/1/2032 |
| Springdale Wst III 3095 W. Spring St | F | 178 of 180 | Section 8 Section 236(j)(1) | 4/30/2015 Prepayment Eligible |
| Park Pacific 714 Pacific Tower | S | 157 of 183 | Section 8 Section 236(j)(1)/202 | 5/31/2000 Nonprofit Owned |
| Beachwood Apts. 505 W. 6 th Street | S | 44 of 45 | Section 8 Section 202 | 5/30/2004 Nonprofit Owned |
| Covenant Manor 600 E 4th Street | S | 100 of 100 | Section 8 Section 202 | 11/20/2004 Nonprofit Owned |
| Lutheran Towers 2340 4 th Street | S/D | 92 of 93 | Section 8 Section 202/811 | 1/3/2004 Nonprofit Owned |
| St. Mary's Tower 1120 Atlantic | S/D | 148 of 149 | Section 8 Section 202/811 | 2/23/2006 Nonprofit Owned |
| Federation Tower 3801 E. Willow | S/D | 50 of 50 | Section 8 Section 202/811 | 6/6/2008 Nonprofit Owned |
| Scherer Park Apts 230 47 th Street | S | 58 of 58 | Section 8 | 4/25/2009 |
| Not At-Risk | | | | |
| Merit Hall Apts. 1035 Lewis Ave | S/D | 19 of 20 | Section 8/ Section 202/811 LBHDC | 9/2/2013 Nonprofit Owned |
| Casa Corazon 408 Elm Avenue | S/D | 25 of 25 | Section 8/202/811 LBHDC | 9/27/2014 Nonprofit Owned |
| Casitas Del Mar 1430-33 E. 17 th | F | 12 of 48 | Section 8 | 1/27/2011 |
| Seamist Tower 1451 Atlantic Bl | S | 74 of 75 | Section 8 / Section 202 | 9/30/2013 Nonprofit Owned |

Chart 34: Inventory of Assisted Housing Developments

| Project Name and Address | Tenant Type | Affordable & Total Units | Funding Source(s) | Expiration of Affordability |
|---|-------------|--------------------------|--------------------------------|-----------------------------|
| American Gold 3065 Goldstar | S | 139 of 348 | Section 8 Section 236(j)(1) | 5/1/2015 Nonprofit Owned |
| Lois Apartments 321 W. 7 th St | S | 24 of 24 | LBHDC | 1/25/2031 |
| Evergreen Apts 1823 E. 66 th | F | 36 of 36 | LBHDC | 12/18/2032 |
| Freeman Apts 1528-32 Freeman | F | 19 of 19 | LBHDC | 4/3/2033 |
| Love Manor 1801 E. 68 th St | F | 26 of 26 | LBHDC | 10/30/2033 |
| Almond | F | 5 of 5 | Replacement Housing Program | |
| Carmelitos Public Housing | S/F | 713 of 713 | Housing Authority | Perpetual |
| Northside Apts. 128-30 E. 8 th | F | 47 of 47 | LBAHC/ CHFA | 2030 |
| Beechwood Terr. 1117 Elm Ave | F | 25 of 25 | LBAHC / Tax Credit | 2050 |
| Cambridge Place 421 W. 33 rd St | F | 24 of 24 | LBAHC / Tax Credit | 2050 |
| SeaGate Village 1450 Locust | S | 44 of 44 | Tax Credit | 2050 |
| Brethen Manor 3333 Pacific Place | S | 236 of 236 | Section 202 | 2024 |
| Burnett Manor 699 Burnett | F | 18 of 18 | Section 236 | 2024 |
| Pacific Coast 630 Esther Street | F | 15 of 78 | Section 8 Section 236(j)(1) | 2017 |

Chart 34: Inventory of Assisted Housing Developments

| Project Name and Address | Tenant Type | Affordable & Total Units | Funding Source(s) | Expiration of Affordability |
|--------------------------|-------------|--------------------------|-------------------|-----------------------------|
|--------------------------|-------------|--------------------------|-------------------|-----------------------------|

Sources: HUD Inventory of Section 8 projects, 1999;

California Housing Partnership Corporation, 2000;

Long Beach Housing Authority, 2000

Tenant Type: S = Senior; F = Family; D = Disabled

2. Loss of Assisted Housing Inventory

From time to time, restricted units lose their affordability controls and revert to non low-income uses. For instance, development projects are typically considered at-risk due to: (1) the prepayment provisions of HUD-insured mortgage loans; (2) expiration of Section 8 contracts; and (3) expiration of restrictions on mortgage revenue bonds issued by the locality. The following describes in detail these conditions.

1. **Prepayment of HUD loans.** In the mid 1960s, the federal government provided low-interest financing or mortgage insurance to housing developers in return for guaranteeing that rents are maintained affordable to lower-income households. Because an owner's debt service was reduced through mortgage subsidies, the property owner could maintain rents at or below-market levels. After 20 years, the owners could prepay their mortgages and lift their rent restrictions, or maintain the affordability controls until their mortgages were paid off.

Although 10 projects were funded under these programs, most are not at-risk. Four Section 236 projects are owned by non-profits that typically do not convert to non-low-income uses, because their purpose is to provide for affordable units. Two Section 221 projects were provided market rate financing from HUD and were not subject to low-income use restriction. In 1991, both projects used the ELIHPA process to obtain increased financial incentives in exchange for keeping their rents

restricted as affordable to low-income households until 2032.

Long Beach has four projects totaling 690 affordable units which are financed under federal mortgage subsidies and are at-risk of conversion. The Del Amo Gardens and Pacific Coast Villa originally received market rate financing from HUD. These projects have binding no low-income use restriction and are maintained as affordable housing primarily through the Section 8 contracts. Moreover, the two Springdale West projects have prepaid their mortgages and may convert at any time.

2. **Section 8 Program.** In the mid 1970s, the federal government provided two approaches to encouraging the production of affordable rental housing. Under the Section 8 program, HUD provided a 15- or 20-year agreement to provide rental subsidies to property owners in return for making their units affordable to lower-income households. The income is typically the difference between 30% of the household's adjusted income and a negotiated fair market rent for the area. The Section 8 voucher program provides the same subsidy.

Due to expiring Section 8 contracts or uncertainty of future funds, any affordable complex receiving Section 8 is uncertain. All 16 of the at-risk projects receive Section 8 funding on either project- or voucher-basis. In allocating the funds for Section 8 contracts, HUD gives priority to non-profit owned projects. Projects deed-restricted as affordable to lower-income households also are given priority, because they rely on the income for solvency. Therefore, projects such as the Parwood complexes will likely renew their Section 8 contracts.

HUD provides a Mark-to-Mark program for Section 8 projects seeking renewal. If current contracted rents exceed the FMR, HUD gives favorable tax treatment to property owners in return for preserving their units at affordable rents. For apartments renting at below FMR rates, HUD allows rents to be marked up to comparable market rents, not exceeding 150 percent of the FMR. While all Section 8 projects are at risk of conversion, the below-market stock is most likely to be converted, such as the Pacific Coast Villa and Springdale West projects.

3. **Bond Financed Projects.** State, County, and local governments have the authority to issue tax-exempt mortgage revenue bonds, which result in financing approximately 1.5% to 2.0% below conventional interest financing rates. State and federal law require that multi-family projects built with tax-exempt bond proceeds set-aside a portion of units as affordable to lower-income households for a specified period of time. The typical contractual period is 10 to 15 years. After the term expires, the property owners may rent the units at market rates.

Long Beach does not have any projects financed through bond proceeds because the 254 units financed during prior planning periods have converted. In many communities, bond-financed projects typically convert to market rates, because over time, rent levels increase in the community and the differential in market versus subsidized rents increases to the point that property owners find it more profitable to convert to market rents than maintain affordability levels. Therefore, bond-financed projects typically are more at-risk of conversion.

4. **Density Bonus Projects.** Long Beach has a three-tiered density bonus program. Under the first tier, developers that can satisfy certain production requirements pursuant to State law are allowed a 25% increase in density above that permitted in the underlying or basic zone. Additional incentives are available for special needs housing. For instance, a 100% density bonus is available for affordable housing for senior citizen and disabled persons. The third tier is a 200% density bonus for housing that is set-aside as affordable to lower-income senior citizens and lower-income disabled persons. In return for the density bonus, the projects must remain affordable for thirty years.

3. Preservation and Replacement Options

Preservation or replacement of at-risk projects in Long Beach can be achieved in several ways: 1) transfer of ownership to non-profit organizations; 2) provision of rental assistance to tenants using other funding sources; 3) replacement or development of new assisted multi-

family housing units; 4) purchase of affordability covenants; and/or 5) refinance of mortgage revenue bonds on bond-funded units. These options are described below, along with a general cost estimate for each.

Option 1. Transfer of Ownership

Transferring ownership of the at-risk projects to non-profit organizations has several benefits: (1) affordability controls can be secured indefinitely and (2) the project would be eligible for a range of governmental assistance. The feasibility of this option depends on several factors, including the willingness of the apartment owner to sell the project, the existence of non-profit corporations with sufficient administrative capacity to manage the project, and the availability of funding.

In Long Beach, several at-risk projects are owned by for-profit owners and are eligible for the prepayment option: Springdale West, Del Amo Gardens, and Pacific Coast Villa. As shown in Chart 35, the market value of the 690 units is estimated at \$42 million based on an estimation of market rents, annual income, and standard costs associated with apartment management. These estimates are intended to demonstrate the magnitude of costs relative to other preservation and replacement options; actual market values of these projects will depend on the building and market conditions at the time of appraisal.

Chart 35: Market Value of At-Risk Housing Projects

| Project Units | Springdale West I, II, & III | Del Amo Gardens | Pacific Coast Villa | Total |
|--------------------------|---------------------------------|--------------------|------------------------|---------------|
| 1-bdrm | 10 | 230 | 12 | 252 |
| 2-bdrm | 298 | 0 | 24 | 322 |
| 3+ bdrm | 102 | 0 | 14 | 116 |
| Total | 410 | 230 | 50 | 690 |
| Annual Operating Cost | (\$1,285,200) | (\$552,000) | (\$151,200) | (\$1,988,400) |
| Annual Gross Income | \$3,794,237 | \$1,546,980 | \$445,444 | \$5,786,731 |

HOUSING NEEDS

| | | | | |
|-------------------|--------------|--------------|-------------|--------------|
| Net Annual Income | \$2,509,107 | \$994,980 | \$294,244 | \$3,798,331 |
| Est. Market Value | \$27,600,183 | \$10,944,780 | \$3,236,680 | \$41,781,643 |

Market value for each project is estimated with the following assumptions:

1. Median rents for 1-bd \$590, 2-bd \$762, and 3-bd is \$979. (Long Beach Housing Authority).
2. Average bedroom size for a studio assumed at 500 square feet, 1-bedroom at 600 square feet,
2-bedroom at 750 square feet, and 3-bedroom at 900 square feet.
3. Vacancy rate = 5% and annual operating expenses per square foot = \$4.00
4. Market value = Annual net project income * multiplication factor
5. Multiplication factor for a building in moderate condition = 11

Option #2. Rental Assistance

All at risk projects in Long Beach maintain Section 8 contracts for rental assistance. Availability of funding at the federal level for Section 8 contract renewal is uncertain. Should Section 8 be terminated, the City could provide rent subsidies to maintain affordability at these projects that are structured to mirror the Section 8 program. Under Section 8, HUD pays owners the difference between what tenants can pay (defined as 30% of household income) and the negotiated payment standard.

The feasibility of this alternative depends on the willingness of property owners to accept rental assistance. Nonprofit owners are most likely to be willing to accept other rent subsidies, while for-profit owners will evaluate how comparable the rent subsidies are to market rate rents. As summarized in Chart 36, given the bedroom mix of all 1,856 at-risk Section 8 units, the total cost of subsidizing the rents to FMR levels is approximately \$382,000 per month or approximately \$4.58 million annually.

Chart 36: Rent Subsidies Required

| Unit Size | Total Units | Fair Market Rents | HHI d Size | Median Household Income ⁽¹⁾ | Affordable Cost + Utilities | Monthly Per Unit Subsidy | Total Monthly Subsidy |
|-----------|-------------|-------------------|------------|--|-----------------------------|--------------------------|-----------------------|
| 0-br | 297 | \$505 | 1 | \$18,250 | \$406 | \$99 | \$29,329 |

HOUSING NEEDS

| | | | | | | | |
|-------|-------|---------|---|----------|-------|-------|-----------|
| 1-br | 965 | \$605 | 2 | \$20,850 | \$446 | \$159 | \$153,194 |
| 2-br | 453 | \$766 | 3 | \$23,450 | \$486 | \$280 | \$126,727 |
| 3-br | 135 | \$1,033 | 4 | \$26,050 | \$526 | \$507 | \$68,411 |
| 4-br | 6 | \$1,233 | 5 | \$28,150 | \$554 | \$679 | \$4,076 |
| Total | 1,856 | | | | | | \$381,736 |

1. 2000 Household Median Income limits for the Los Angeles County set by HUD
2. Affordable cost = 30% of household income minus utility allowance of \$50 for the 1 resident plus \$25/person for every additional member of the household.

Once Section 8 contracts expire, HUD provides a Mark-to-Mark program. If current contracted rents exceed the FMR, HUD gives favorable tax treatment to property owners provided that they preserve units at rents affordable to low- and moderate-income households. For apartments renting at below FMR, HUD encourages for-profit or limited-dividend owners to remain in the Section 8 program by allowing rents to be marked up to comparable market rents, not exceeding 150 percent of the FMR. While all Section 8 projects are at risk of conversion to non-low-income uses once the expiration date is reached, the below-market stock is most likely to be converted. At-risk projects renting at rates below fair market rents and eligible to participate in the Mark-Up-to-Mark program are the Pacific Coast Villa and Springdale West.

Option #3. Construction of Replacement Units

The construction of new low-income housing units is a means to replace at-risk units should they be converted to market rates. This option is only applicable to for-profit owned projects that have the option to opt out of low-income use restrictions.

The cost of developing housing depends upon density, size of the units, location, land costs, and type of construction. According to the Construction Industry Research Board, the average construction cost for multi-family housing in the Los Angeles area ranges from \$50 to \$85 per square foot.

Land costs in Long Beach vary from \$12 to \$50 per square foot, depending on the location and density permitted.

Using an average per-square-foot cost of \$65 for construction and \$30 for land and net development density of 30 units per acre, average development costs can be estimated at \$82,500 for a one-bedroom unit, \$92,300 for a two-bedroom unit, and \$102,100 for a unit with three or more bedrooms. Using these assumptions, the total cost to develop the 690 units at risk of conversion to market rates is \$62.4 million.

Option #4. Purchase of Affordability Covenants

Another option to preserve the affordability of at-risk projects is to provide an incentive package to the owners eligible to opt out of affordability control to maintain the projects as low-income housing. Incentives could include writing down the interest rate on the remaining loan balance, and/or supplementing the Section 8 subsidy received to market levels. The feasibility of this option depends on whether the units require rehabilitation or are too highly leveraged. By providing lump sum financial incentives or an on-going subsidy in rents or reduced mortgage interest rates, the City can ensure that some or all of the assisted units remain affordable.

Comparison of Options

Different housing projects have different preservation/replacement options. For nonprofit-owned projects and those for-profit owned projects that are not eligible to opt out of low-income use restrictions, continuing the rent subsidies is possibly the only option available and needed to maintain the affordability of the units.

For for-profit owned projects with the option to opt out of low-income use restrictions: more options are available: transfer of ownership, Mark-to-Market, Mark-up-to-Market, rent subsidies, purchase of affordability covenantss, and construction of replacement housing. Typically, preservation of existing affordable units is less costly than building new affordable units. Mark-to-market and mark-up-to-market are the least costly options to local jurisdictions; however, only a limited number of projects are eligible to participate in these programs.